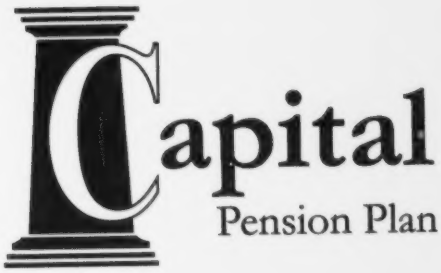

2009

Capital Pension Plan

Annual Report

MISSION

We are a professionally managed, service oriented defined contribution pension plan committed to helping our members and retirees build and manage their retirement savings.

VISION

To be the preferred pension plan for members, employers and retirees.

VALUES

The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

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Financial Statements

Introduction

The Capital Pension Plan was established in 1976 as a defined contribution (money purchase) pension plan. The Capital Pension Plan can consider any employer interested in participating in the Plan. Participating employers can determine the eligibility criteria for their employees to become contributing members of the Plan, pursuant to relevant legislative and regulatory requirements.

Both participating employers and contributing members make required contributions, based on a percentage of earnings, subject to an annual maximum contribution limit set in the *Income Tax Act* (Canada).

All member and employer contributions made on behalf of a member are directed to an individual account in the member's name. Contributions are invested and accrue investment earnings over time.

At retirement, members use the cumulative value in their Capital Pension Plan account to provide pension income through various pension income options as permitted in each jurisdiction (provincial or federal).

The Capital Pension Plan operates two pension income options.

A Retirement Annuity Fund is available to all Plan members that choose to receive guaranteed lifetime retirement income through the purchase of a life annuity.

A Variable Benefit option is available to Plan members within the Saskatchewan jurisdiction that desire the flexibility to change the amount of retirement income received.

Message from the Chair

Micheal McPherson
Chair, Capital Pension Plan Board

As Chair of the Pension Board, I am pleased to present the Annual Report and audited Financial Statements for the year ending December 31, 2009.

Recovery in equity markets continued through to the end of 2009, having a positive impact on performance of the Capital Pension Plan's Diversified Fund. After reaching a low in March, the Diversified Fund posted an annual rate of return of 14.83% as at December 31, 2009. This return is net of all investment management and administrative expenses.

While 2009 saw improved equity market performance, the same could not be said for money-market yields. Interest rates were cut to record lows in Canada as part of the economic stimulus initiatives. These low interest rates significantly impacted the performance of money-market investments. As a result, the Capital Pension Plan's Pre-Retirement Fund posted an annual rate of return of 0.47%, net of all investment management and administrative expenses.

It is important to remember that the investment goal of the Pre-Retirement Fund is to preserve capital in the short-term. While this return is low compared to previous years, the Fund continues to achieve this performance goal. Looking ahead, returns for the Pre-Retirement Fund are expected to improve once interest rates and money market yields increase.

In closing, I would like to thank my fellow Board members for their service to the Capital Pension Plan during 2009. I also wish to thank the Capital Pension Plan administration staff for their hard work and dedication to the Plan. We remain committed to making the Capital Pension Plan the preferred plan for members, employers and retirees.

Micheal McPherson
Chair, Capital Pension Plan Board

Defined Contribution Fund

Contributions from participating employers and contributing members are deposited to the Plan's Defined Contribution Fund. Within this Fund, the plan operates two investment funds - the Diversified Fund and the Pre-Retirement Fund.

As the default investment fund, all Plan members are eligible to participate in the Diversified Fund. The investment objective of the Diversified Fund is to provide long-term investment growth within acceptable levels of investment risk.

Members within five (5) years of their earliest retirement date can choose to participate in the Pre-Retirement Fund. The investment objective of the Pre-Retirement Fund is to preserve capital in the short-term.

2009 Investment Performance Summary

Equity markets rebounded after a shaky start to 2009. The S&P/TSX Index (Canadian equities) led the recovery, ending 2009 with a return of 35.1%. Returns for the S&P 500 Index (U.S. equities) and the MSCI EAFE Index (Non-North American equities) were tempered somewhat by the rising Canadian dollar, posting a return of 7.4% ($C) and 11.9% ($C) respectively. Fixed income markets ended the year with positive returns. The DEX Universe Bond Index (Canadian bonds) achieved a return of 5.4% for the year. The IPD Index (Canadian institutional real estate) recorded a return of 0.8% for 2009. As a result, the Capital Pension Plan Diversified Fund recorded an annual return of 14.83% after expenses for 2009.

The objective of the Pre-Retirement Fund is to preserve capital in the short-term. The fund is invested solely in money market investments and provided an annual return of 0.47% after expenses for 2009.

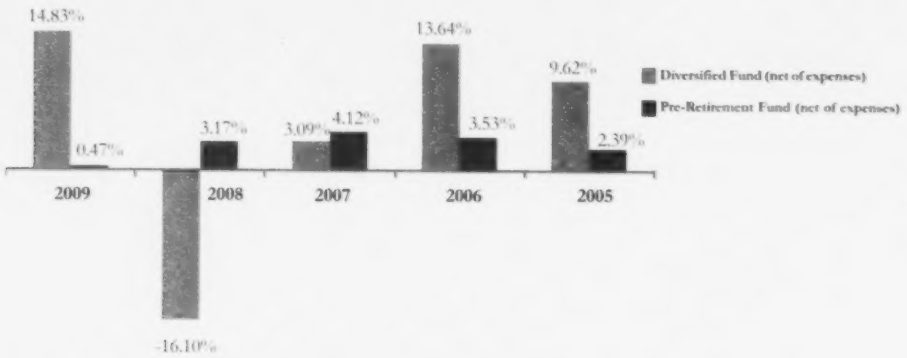
Defined Contribution Fund
Asset Mix, Investment Managers and Comparative Benchmark Indicators
(December 31)

	Asset Mix @ December 31, 2009	Investment Manager(s)	Comparative Benchmark Indicator(s)
Diversified Fund	**Canadian Equities** 22.2%	Greystone Capital Management Inc. Connor, Clark & Lunn	S&P/TSX Index
	U.S. Equities 19.8%	Greystone Capital Management Inc. State Street Global Advisors	S&P 500 Index ($C) S&P 500 Index (hedged to $C) S&P 400 Index (hedged to $C)
	Non-North American Equities 17.2%	Greystone Capital Management Inc. Tweedy Browne LLC	MSCI EAFE Index
	Bonds 31.7%	Greystone Capital Management Inc. State Street Global Advisors	DEX Universe Bond Index
	Real Estate 5.8%	Greystone Capital Management Inc.	IPD Index
	Short-term/Cash 3.3%	Greystone Capital Management Inc.	91-day T-Bills

	Asset Mix @ December 31, 2009	Investment Manager(s)	Comparative Benchmark Indicator(s)
Pre-Retirement Fund	**Short-term Investments** 100%	Greystone Capital Management Inc.	91-day T-bills

Financial Performance Overview

Defined Contribution Fund Current and Historic Declared Returns (December 31)



Diversified Fund Annual and 4-year Annualized Gross Performance (December 31)

	1-year Return			4-year Return		
	Fund Performance	Indicator Result	Quartile	Fund Performance	Indicator Result	Quartile
Canadian Equities Combined	**33.8%**	**35.1%**	**2**	**3.6%**	**3.9%**	**3**
Greystone	27.6%	35.1%	4	2.9%	3.9%	4
CC&L*	39.7%	35.1%	1	n/a	n/a	n/a
U.S. Equities Combined	**14.7%**	**7.4%**	**1**	**-2.7%**	**-3.3%**	**2**
Greystone	2.3%	7.4%	4	-3.4%	-3.3%	2
SSgA - Large Cap	23.6%	23.6%	1	-2.9%	-3.0%	2
SSgA - MidCap	34.4%	34.2%	1	-1.8%	-1.6%	1
Non-North American Equities Combined	**20.7%**	**11.9%**	**1**	**1.1%**	**-1.5%**	**1**
Greystone	20.6%	11.9%	1	-0.3%	-1.5%	2
Tweedy	18.2%	11.9%	2	1.8%	-1.5%	1
Bonds - Combined	**7.0%**	**5.4%**	**3**	**5.2%**	**4.9%**	**2**
Greystone	8.2%	5.4%	3	5.3%	4.9%	1
SSgA	5.6%	5.4%	4	5.1%	4.9%	2
Real Estate - Greystone**	**-2.9%**	**0.8%**	**n/a**	**13.2%**	**9.5%**	**n/a**
Total Fund Performance***	**15.2%**	14.3%	3	**3.3%**	2.6%	M

* As of December 31, 2009, 4-year returns could not be evaluated for Connor, Clark & Lunn (CC&L) since the mandate began less than 4 years prior.

** The Hewitt Manager Universe does not include quartile performance for real estate investments.
***A quartile rating of "M" indicates performance ranked at the median.

Diversified Fund 10-year Annualized Gross Performance (December 31)

	10-year Return	
	Diversified Fund	Consumer Price Index plus 3%
Annualized Return	5.60%	5.1%

Financial Performance Overview

Pre-Retirement Fund Annual and 4-year Annualized Gross Performance (December 31)

	1-year Return			4-year Return		
	Fund Performance	Indicator Result	Quartile*	Fund Performance	Indicator Result	Quartile*
Greystone	0.7%	0.6%	n/a	3.1%	3.1%	n/a
Total Fund Performance	**0.7%**	0.6%	n/a	**3.1%**	3.1%	n/a

*The Hewitt Manager Universe does not include quartile performance for money-market investments.

Defined Contribution Fund Net Compound Returns (December 31)

	1 year	2 years	3 years	5 years	10 years
Diversified Fund	**14.83%**	-1.85%	-0.23%	4.35%	5.32%
Pre-Retirement Fund	**0.47%**	1.81%	2.58%	2.73%	3.41%

Defined Contribution Fund Net Assets Available for Benefits (December 31)

($C thousands)	2009	2008	2007	2006	2005
Increase in Assets					
Employer Required Contributions	**16,251**	15,002	14,134	12,906	12,025
Member Required Contributions	**13,891**	12,712	12,011	10,790	10,065
Member Voluntary Contributions	**2,182**	1,798	1,645	1,062	962
Transfers into the Fund	**3,819**	5,707	5,571	3,075	7,164
Investment Gain (Loss)	**35,912**	(14,472)	95,619	67,405	54,460
Net unrealized Gain (Loss) in Market Value	**72,900**	(123,517)	(64,064)	40,150	23,248
	144,955	(102,770)	64,916	135,388	107,924
Decrease in Assets					
Investment Management/Custodian Fees	**2,031**	2,487	2,682	2,240	1,881
Salaries & Benefits	**737**	664	634	492	454
Other	**614**	676	655	579	513
Withdrawals/Transfers Out	**31,066**	41,452	37,939	50,449	36,669
	34,448	45,279	41,910	53,760	39,517
Change in Net Assets	**110,507**	(148,049)	23,006	81,628	68,407
Net Assets Available (beginning of year)	**771,527**	919,576	896,570	814,942	746,535
Net Assets Available for Benefits	**882,034**	771,527	919,576	896,570	814,942

Retirement Annuity Fund

The Retirement Annuity Fund (RAF) provides lifetime retirement annuities to Plan members that choose to receive retirement income through the purchase of a life annuity. When a member purchases a life annuity from the Plan, the member's equity is transferred from the Defined Contribution Fund to the Retirement Annuity Fund and an annuity contract is established based on the current annuity interest rate and group annuity mortality tables. The contract provides for guaranteed lifetime income.

2009 Performance Summary

A rate of return is not calculated for the Retirement Annuity Fund. The Retirement Annuity Fund is managed to ensure the annuity promise (guaranteed lifetime income) is fulfilled, as determined through the completion of the annual actuarial valuation.

The Retirement Annuity Fund is fully funded as each new annuity is added. No additional contributions are required to fund future benefit accruals. As well, no additional contributions are required to support the Fund's current accrued liabilities.

Retirement Annuity Fund
Asset Mix, Investment Managers and Comparative Benchmark Indicators
(December 31)

	Asset Mix @ December 31, 2009	Investment Manager(s)	Comparative Benchmark Indicator(s)
Retirement Annuity Fund	**Bonds** 73.5%	Greystone Capital Management Inc.	DEX Long Term Bond Index
	Short-term/Cash 21.5%	Greystone Capital Management Inc.	91-day T-Bills
	Canadian Equities 4.6%	Greystone Capital Management Inc.	S&P/TSX Index
	Non-North American Equities 0.4%	Greystone Capital Management Inc.	MSCI EAFE Index

Financial Performance Overview

Retirement Annuity Fund Net Assets Available for Benefits
(December 31)

($C thousands)	2009	2008	2007	2006*	2005*
Increase in Assets					
Transfers from Contributory Fund upon members' retirement	**489**	2,078	316	1,521	2,003
Investment income	**1,897**	1,893	2,087	2,438	1,848
Gain (Loss) on sale of investments	**(46)**	215	3,677	58	37
Net Unrealized Gains (Losses)	**(629)**	(660)	(3,578)	415	2,796
	1,711	3,526	2,502	4,432	6,684
Decrease in Assets					
Annuity payments	**2,228**	2,278	2,265	2,160	2,050
Operating expenses	**136**	124	127	147	141
Increase (Decrease) in provision for annuity benefits	**2,241**	(2,464)	(2,649)	462	3,094
Provision for payment to members of the Fund	**49**	242	283	480	6,135
	4,654	180	26	3,249	11,420
Change in Net Assets	**(2,943)**	3,346	2,476	1,183	(4,736)
Net Assets Available (beginning of year)	**14,634**	11,288	8,812	7,629	12,365
Net Assets Available for Benefits	**11,691**	14,634	11,288	8,812	7,629

*restated at market value

Extract from annual Actuarial Valuation for the Retirement Annuity Fund, prepared by AON Consulting as at December 31, 2009

Section 3: Actuarial Opinion and Representations

Actuarial Opinion

With respect to the Capital Pension & Benefits Administration Retirement Annuity Fund I have prepared an actuarial valuation as at December 31, 2009 for the purpose of determining the necessary actuarial information for financial statement reporting in accordance with Section 4100 of the CICA Handbook. In my opinion, for the purpose of this actuarial valuation:

- the data on which this valuation is based are sufficient and reliable;
- where applicable, the assumptions have been adopted as management's best estimates for accounting purposes and consequently I have not rendered an opinion on them; however, in my opinion, the assumptions are, neither unreasonable nor inconsistent with the guidance established by the CICA and the auditor, when considering the circumstances of the fund and the purpose of the valuation;
- the actuarial cost methods, asset valuation methods and extrapolation methods employed are appropriate; and
- the valuation and extrapolation conform with the requirements of Section 4100 of the CICA Handbook.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in subsequent valuations.

Representations to the Auditor

The following statements are made in connection with the use of the results of our December 31, 2009 actuarial valuation for CICA Section 4100 statement reporting purposes as evidence for the audit of the fund's financial statements as at December 31, 2009 by the external auditors.

- Aon Consulting Inc. has been engaged by Capital Pension & Benefits Administration as the valuation actuary for the Retirement Annuity Fund to prepare an actuarial valuation as at December 31, 2009 for CICA Section 4100 statement reporting purposes and I confirm that the valuation performed at this date is in accordance with the requirements of Section 4100.
- I confirm that I am a Fellow in good standing with the Canadian Institute of Actuaries (CIA).

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Extract from annual Actuarial Valuation for the Retirement Annuity Fund,
prepared by AON Consulting as at December 31, 2009

Section 3: Actuarial Opinion and Representations

- I confirm that I have no interest or relationship with the fund or the fund's sponsor that would impair the objectivity of the work prepared in respect of this engagement.
- The fund is a defined benefit plan as defined by Section 4100 of the CICA Handbook.
- I confirm that the December 31, 2009 actuarial valuation has been performed in accordance with the standards of the Canadian Institute of Actuaries.
- I confirm that the December 31, 2009 actuarial valuation has been performed using management's best estimate assumptions as described in Appendix C and a statement of my opinion on these assumptions in accordance with CIA standards is contained above under *Actuarial Opinion*. These actuarial assumptions were developed as management's best estimates based on input from Aon in relation to long-term economic and demographic expectations.
- In preparing the December 31, 2009 actuarial valuation, I have adopted a materiality guideline that is no greater than $150,000.
- I have performed procedures to satisfy myself of the accuracy and completeness of the source data in light of the specified level of materiality.
- I have relied upon Capital Pension & Benefits Administration to advise me of any plan changes and events that have occurred up to the date of this report. Based on discussions with them, I confirm that I am not aware of any events occurring subsequent to December 31, 2009 and prior to the date of this report that would have a material effect on the valuation results.
- I confirm that I am aware that Capital Pension & Benefits Administration's external auditors are KPMG LLP and that they intend to use the work summarized in this report as audit evidence.

Donald L. Ireland
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
February 9, 2010

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AON CONSULTING

Administrative Expenses

The Capital Pension Plan operates on a cost-recovery basis. Actual expenses are deducted from the Plan's earnings prior to the calculation of each weekly unit value. For comparison and communication purposes, a management expense ratio (MER) is calculated annually by dividing the total cost of administration by the year end market value.

For 2009, the management expense ratio (MER) for the Defined Contribution Fund was 38 basis points or 0.38% (0.50% in 2008).

A management expense ratio (MER) is not calculated for the Retirement Annuity Fund. Expenses allocated to the Fund are accounted for in the annual actuarial valuation.

Defined Contribution Fund Expenses
(December 31)

($C thousands)	**2009**	2008	2007	2006	2005
Investment Management Fees	**1,918**	2,361	2,556	2,135	1,779
Custodial Service Fees	**113**	126	126	105	102
Investment Performance & Consultant Fees	**89**	89	83	82	80
Auditor's Fees	**26**	21	34	19	18
General Administration	**1,236**	1,230	1,172	970	869
Total	**3,382**	**3,827**	**3,971**	**3,311**	**2,848**
Management Expense Ratio (MER)	**0.38%**	0.50%	0.43%	0.37%	0.35%

Retirement Annuity Fund Expenses
(December 31)

($C thousands)	**2009**	2008	2007	2006	2005
Investment Management Fees	**35**	35	36	38	35
Custodial Service Fees	**4**	4	4	4	4
Investment Performance & Consultant Fees	**3**	3	3	3	3
Actuarial Services	**18**	14	17	16	11
Auditor's Fees	**10**	8	7	6	6
General Administration	**66**	60	60	80	82
Total	**136**	**124**	**127**	**147**	**141**

2009 Achievements

Implementation of Balanced Scorecard

In 2009, the Capital Pension Plan implemented a balanced scorecard performance measurement tool to provide ongoing performance evaluation.

Revised Mission and Vision Statements

In October 2009, the Pension Board conducted their annual review of the Plan's mission, vision and values and approved the following revisions to affirm the Plan's commitment to the increasing number of retirees resulting from the implementation of the Variable Benefit retirement income option. The Plan's 'values statement' remained unchanged.

Mission
We are a professionally managed, service oriented defined contribution pension plan committed to helping our members **and retirees** build and manage their retirement savings.

Vision
To be the preferred pension plan for members, employers **and retirees**.

Retirement Primer Information Sessions

In May and June of 2009, a total of 13 Retirement Primer information sessions were conducted throughout the province. These half day sessions provide Plan members with valuable retirement preparation information. At each session, a Retirement Primer Guide was provided to each attendee. This guide offers step by step retirement preparation analysis. A total of 112 Plan members attended these sessions and provided an overall satisfaction score of 90.1%.

Commitment to Service

The Capital Pension Plan strives to provide outstanding service to its Plan members and participating employers by meeting established service standard benchmarks. During 2009, Plan administration answered 2,514 telephone inquiries, responded to 275 email inquiries and 37 letter inquiries and conducted 69 (totalling 103.5 hours) one on one meetings with members.

Retirement Annuity Fund Court Application

In 2007, the Capital Pension Plan made application to the Court for direction in the distribution of approximately $6.6 million in reserve funds accumulated in the Retirement Annuity Fund. In 2008, information packages were sent to all current and former Plan members that could potentially be eligible to participate in a distribution of the reserve funds. Four court hearings were held during 2008. On November 13, 2008, the Judge reserved her decision to take time to consider all written and verbal arguments made (details available at www.capitalpension.com).

On April 7, 2009, the Court issued certain preliminary directions to guide the parties as to the next steps.

On June 11, 2009, the parties returned to court to clarify several issues arising from the Court's Preliminary Directions. At that time, the Plan Sponsor provided a draft of the distribution schedule for the reserve distribution, which was accepted by the Court. At the conclusion of the hearing, after providing the clarifications requested, the Court asked the Plan Sponsor to prepare a draft Order of the Court, confirming the directions it has given, and to circulate the draft Order to the other parties for review. That was done, and the draft Order was confirmed by the other parties.

On August 31, 2009, the Court issued its binding Order providing the Plan Sponsor with the general directions as to how the reserve is to be distributed (details available at www.capitalpension.com). At that time, there were no further court applications contemplated and the next steps were for the Plan Sponsor to begin the process of distributing the reserve.

On September 30, 2009, the Plan Sponsor was served with a Notice of Appeal seeking to overturn the Judge's decision. The appeal was filed by a Plan member who was dissatisfied with the Judge's decision. The appeal will be heard by the Saskatchewan Court of Appeal, likely some time in 2010. Under the Court of Appeal Rules, a party (such as the Plan Sponsor) is prohibited from carrying through with the lower Court's decision until the appeal has been heard and finally decided.

Capital Pension Plan Board

Pension Board Members

Micheal McPherson, Chair
Saskatchewan Housing Authorities

David Olsen
ISM Canada

Edward Helm
Saskatchewan Government Insurance

Gordon Dolney
Yara Belle Plaine Inc.

Tim MacLeod
Saskatchewan Government Insurance

Cindy Ogilvie
Crown Investments Corporation

Twyla Meredith
Saskatchewan Gaming Corporation

Carla Brown
Crown Investments Corporation

Keith Appleton
Saskatchewan Abilities Council

Margaret Anderson
Saskatchewan Watershed Authority

Pension Committees

Audit
Cindy Ogilvie (Committee Chair)
Edward Helm
Twyla Meredith

Investment
David Olsen (Committee Chair)
Gordon Dolney
Carla Brown

Governance
Tim MacLeod (Committee Chair)
Keith Appleton
Margaret Anderson

Capital Pension Plan Board

back row (left to right) David Olsen, Tim MacLeod, Micheal McPherson, Keith Appleton, Edward Helm, Gordon Dolney
front row (left to right) Carla Brown, Cindy Ogilvie, Twyla Meredith (missing Margaret Anderson)

Capital Pension & Benefits Administration

Executive

Ken Klein
Executive Director

Stanley Jones
Director, Pensions

Management

Christine Taylor
Manager, Group Benefits

Brad Hunt
Manager, Accounting and Administration

Cheryl Viala
Manager, Communications, Research and Development

Administration

Laura Thompson
Staff Accountant

Sharon Strueby
Staff Accountant

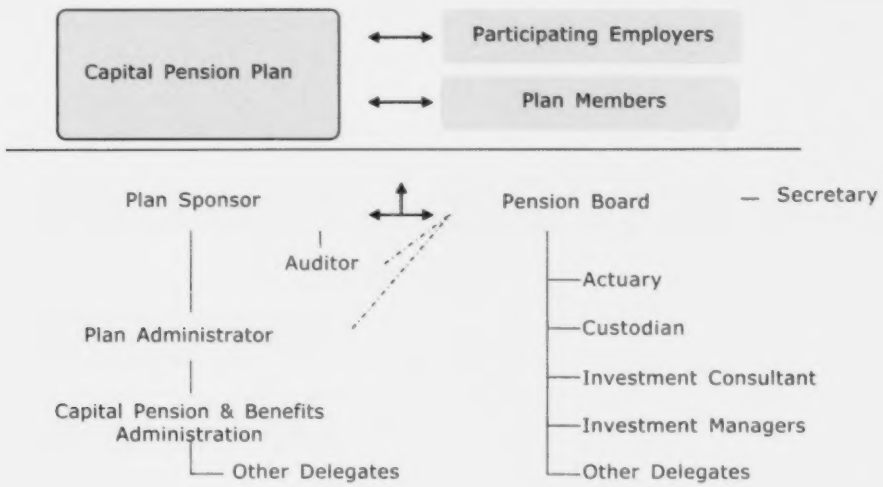
Arlene Stinson
Executive Secretary

Tracy Mack
Pension & Benefits Coordinator

Capital Pension and Benefits Administration

back row (left to right) Brad Hunt, Sharon Strueby, Ken Klein, Christine Taylor, Stanley Jones
front row (left to right) Laura Thompson, Arlene Stinson, Cheryl Viala (missing Tracy Mack)

Governance Structure



Plan Sponsor

Crown Investments Corporation of Saskatchewan (CIC) is the Plan Sponsor. CIC is responsible for the overall management of the Plan in accordance with applicable laws, the terms and conditions of the Plan and its governance structure and processes. CIC is responsible to hold the Plan's funds in trust for the benefit of its members and any person entitled to benefits pursuant to the Plan. CIC appoints the Pension Board to act on its behalf to facilitate the operation of the Plan.

Pension Board

The Capital Pension Plan Board composition is between five and ten persons, nominated by the twelve largest participating employers of the Plan, as determined by active Plan membership. All Board members must be active (i.e. contributing) members of the Plan. Board members must possess characteristics and traits of integrity, accountability, informed judgement, financial literacy, mature confidence and commitment.

Board meetings are held at least once per fiscal quarter, with additional meetings for approval of financial statements and the annual report and a planning retreat for the upcoming year. In camera sessions are conducted at each meeting.

Compensation for service on the Capital Pension Plan Board is restricted to reimbursement of actual costs and reasonable expenses for attending to Board business.

Pension Committees

The Pension Board establishes committees to handle Board business. Each committee comprises three current pension board members. The Chair serves as an ex-officio member of each Committee.

Committee meetings are conducted approximately 10 days prior to each Board meeting. At these meetings, committee members review and discuss Board material so they may facilitate informed discussion and make recommendations regarding a course of action to the Pension Board. The Pension committees have no authority to make binding decisions or incur expenses unless the Pension Board provides prior approval.

Actuary, Custodian, Investment Consultant, Investment Managers and Other Delegates

The Pension Board and Pension Committees hire industry professionals such as a custodian, investment consultant, investment managers and actuary to provide their expertise. Investment of the Plan's assets is delegated to professional investment managers under the supervision of the Pension Board.

Plan Administrator

The Plan Sponsor has appointed the Executive Director of its Capital Pension & Benefits Administration (CPBA) division as Plan Administrator. The Plan Administrator handles the overall management, administration and day to day operation of the Plan in accordance with applicable laws and the terms and conditions of the Plan. The Plan Administrator makes application for the registration of the Plan and any amendments thereto with the appropriate authorities.

The Plan Administrator has the responsibility to carry out its duties with honesty and in good faith in the best interest of Plan members and any other person(s) to whom a fiduciary duty is owed. The Plan Administrator ensures administrative procedures and regulations are in compliance with applicable laws and the terms and conditions of the Plan.

The Plan Administrator also provides assistance to the Pension Board and makes recommendations concerning the Plan's annual budget.

Plan Membership

Membership demographics are reviewed annually and taken into account during the determination of the Plan's *Statement of Investment Policies and Goals* (SIP&G).

The membership of the Capital Pension Plan remains relatively young and, as a result, the asset mix of the Plan's default investment fund (the Diversified Fund) contains a bias towards equity holdings, with moderate investment risk.

Members' investment risk tolerance may decrease as they get older and retirement approaches. For these members, the Capital Pension Plan offers the Pre-Retirement Fund, which is designed to preserve capital in the short-term.

Participation in the Pre-Retirement Fund is voluntary and restricted to those members who are within five years of their earliest possible retirement date and those members participating in the Variable Benefit.

The Capital Pension Plan had a total of 8,705 members at December 31, 2009 (8,436 in 2008). The Plan's membership can be categorized into four groups:

Active Members are those members that are currently employed with a participating employer and on whose behalf regular contributions to the Plan are made. The Capital Pension Plan ended 2009 with 4,989 active members (4,817 in 2008).

Inactive Members are those vested members that are no longer employed with a participating employer, but choose to leave all or part of their equity with the Plan. At the end of 2009, there were 3,192 deferred members with the Plan (3,126 in 2008).

Variable Benefit Members are those members within the Saskatchewan jurisdiction that are eligible for retirement and have chosen to receive pension income directly from the Plan through the Variable Benefit option. At the end of 2009, there were 151 Variable Benefit members with the Plan (113 in 2008).

Annuitants are those members that chose to receive lifetime pension income from the Capital Pension Plan Retirement Annuity Fund. At the end of 2009, there were 373 annuitants (380 in 2008).

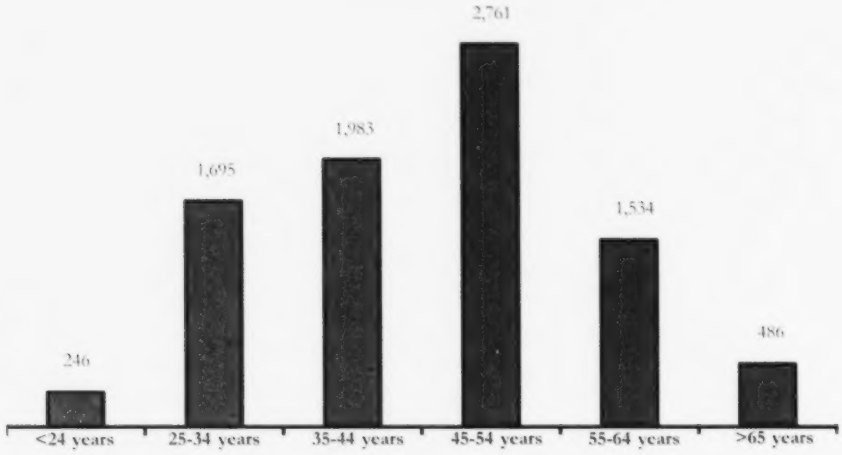
Plan Capacity

The Capital Pension Plan continues to experience modest membership growth as participating employers acquire new employees while many departing employees that are vested choose to remain with the Plan as inactive members. Many Plan members also choose to remain with the Plan during retirement and participate in the Variable Benefit and Retirement Annuity Fund retirement options.

The Plan remains in a position to expand membership and continues to enact policies to meet the needs of Plan members and participating employers.

Plan Demographics

Age Demographics
(December 31)



Membership Demographics
(December 31)

	Active	Inactive	Variable Benefit	Annuitants
<24 years	197	49	0	0
25-34 years	1,147	548	0	0
35-44 years	1,270	713	0	0
45-54 years	1,647	1,078	31	5
55-64 years	693	704	91	46
>65 years	35	100	29	322
Total	**4,989**	**3,192**	**151**	**373**

Performance Measurement

In 2009, the Capital Pension Plan implemented a widely accepted performance measurement approach known as a 'Balanced Scorecard'. The Balanced Scorecard approach provides a framework whereby key concepts outlined in the Plan's mission, vision and values are categorized into goals or perspectives. Within each perspective, strategic performance objectives, with measurable results are articulated.

Relationship Between Mission, Vision & Values and Perspectives

Mission
We are a professionally managed, service oriented defined contribution pension plan, committed to helping our members and retirees build and manage their retirement savings.

Vision
To be the preferred pension plan for members, employers and retirees.

Values
The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

Perspectives

Financial
- build retirement savings
- manage retirement savings

Customer
- preferred pension plan
- integrity
- service oriented
- open, effective communication

Growth & Innovation
- preferred pension plan
- open, effective communication
- build retirement savings
- manage retirement savings
- prudent leadership
- innovation

Internal Resources & Processes
- professional
- service oriented
- integrity
- prudent leadership
- open, effective communication

Accountability
- professional
- integrity
- prudent leadership

Balanced Scorecard 2009 Results

Financial Perspective

This perspective recognizes that the Plan is a defined contribution plan (i.e. money purchase) and the financial performance has a direct impact on members' ability to build and manage their retirement savings. The assets of the Plan are invested by professional investment managers who are provided specific investment mandates.

2009 Strategic Initiatives

- Completed review of currency hedging;
- Monitored performance of the Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund based on objectives and comparative benchmarks;
- Investigated asset mix changes as part of the investment strategies of the Plan;
- Prepared for implementation of International Financial Reporting Standards (IFRS);
- Investigated potential implementation of CEO/CFO Certification.

Financial Perspective Scorecard Results
(December 31)

Strategic Objectives	Performance Measures	2009 Targets	2009 Results	Variance Analysis*
Acceptable risk	Investment managers are in compliance with investment strategies as per SIP&G	Zero significant compliance issues reported	✓	
	Independent actuary verification of Retirement Annuity Fund (analysis of interest rate immunity and long-term solvency)	Bond portfolio duration to actuarial liability duration ratio > 1	✓	
		Solvency ratio > 1	✓	
Acceptable investment returns	Review and report performance for Diversified Fund and Pre-Retirement Fund in relation to benchmarks	Gross fund return is equal to or greater than benchmark return over rolling 4-year periods (see page 5)	✓	A
		Diversified Fund real rate of return > 3% above CPI over rolling 10-year periods	✓	
	Review and report performance of Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund by individual Fund manager and by asset class in relation to benchmarks	Gross return of investment manager by asset class is equal to or greater than benchmark return by asset class over rolling 4-year periods	X	B
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures equal to or less than budgeted amounts	✓	

✓ Met X Not Met OT On Target D Deferred

*Variance Analysis

A. The gross and net return for the Diversified Fund exceeded the performance benchmark on a rolling 4-year basis
The gross return for the Pre-Retirement Fund exceeded the performance benchmark on a rolling 4-year basis
The net return for the Pre-Retirement Fund fell short of the performance benchmark on a rolling 4-year basis

B. Greystone Capital Management Inc. did not meet the performance benchmark for their Canadian equity and U.S. equity mandates
State Street Global Advisors did not meet the performance benchmark for their U.S. equity (mid-cap) mandate

Balanced Scorecard 2009 Results

Customer Perspective

This perspective challenges the Plan to provide its members and participating employers with a service oriented approach, a commitment to integrity and professionalism and to provide open and effective communication that allows the Plan to become the preferred pension plan for members and employers.

2009 Strategic Initiatives

- Reviewed and revised communications policy and strategy;
- Developed/completed Participating Employer/Retirement Primer sessions satisfaction index;
- Conducted Retirement Primer Information sessions throughout the province;
- Published and distributed three issues of *The Capital Report*;
- Completed re-design/refresh of public website (implementation in 2010).

Customer Perspective Scorecard Results
(December 31)

Strategic Objectives	Performance Measures	2009 Targets	2009 Results	Variance Analysis*
Effective communication	Provide timely and accurate information to customers	Meet key performance indicators 100% of the time	✓	
Member and employer service	Information phone line and email available to customers	Available 99% of the time	✓	
Meet expectations	Develop satisfaction index	Develop index	✓	

✓ Met X Not Met OT On Target D Deferred

***Variance Analysis**

None

Balanced Scorecard 2009 Results

Growth and Innovation Perspective

This perspective challenges the Plan to grow by the amount of net assets under management, the number of Plan members and the number of participating employers. This is to be accomplished by assembling a service oriented team, knowledgeable about the pension industry, including new trends and innovative pension programs.

2009 Strategic Initiatives

- Reviewed asset mix of Diversified Fund in relation to Plan member demographics;
- Revised/updated Retirement Primer sessions/Retirement Primer Guide to meet member needs;
- Drafted retention strategy (review and implementation in 2010);
- Reviewed concept of phased retirement.

Growth and Innovation Perspective Scorecard Results
(December 31)

Strategic Objectives	Performance Measures	2009 Targets	2009 Results	Variance Analysis*
Plan retention	Develop retention strategy	Develop strategy	OT	A
	Retention of member assets in the Plan	Positive cash flow (rolling four quarters)	✓	
	Retain major participating employers	Equal to or greater than 95% retention for the year	✓	
Plan growth	Inform former Plan members of option of transferring into the Variable Benefit retirement option	Send letter to former Plan members age 45 and older, informing them of option to return to the Plan and establish Variable Benefit at retirement	✓	
	Develop marketing strategy for the Plan	Develop strategy	D	B
Innovation	Implement Value Added Services Plan	Complete plan	✓	

✓ Met X Not Met OT On Target D Deferred

***Variance Analysis**

A. Draft strategy developed, to be reviewed in 2010.

B. Marketing strategy deferred, pending direction from Plan Sponsor.

Internal Resources and Processes Perspective

This perspective challenges the Plan to provide its staff with opportunities to develop and expand their knowledge of the pension industry through relevant publications and training opportunities. The Plan empowers staff to make decisions within established policies and promotes a professional service oriented team approach for dealing with stakeholders. The Plan Administrator provides strategic direction to the Plan and ensures its operations are transparent.

2009 Strategic Initiatives

- Staff training dollars budgeted;
- Scheduled upgrades to staff work stations;
- Reviewed and monitored internal processes to ensure efficiency.

Internal Resources and Processes Perspective Scorecard Results
(December 31)

Strategic Objectives	Performance Measures	2009 Targets	2009 Results	Variance Analysis*
Professional and knowledgeable	Funds available and utilized by staff for training and professional development	Up to a maximum of 3% of budgeted payroll	✓	
	Staff compliant with professional organizations	100% compliance	✓	
	Provide staff with tools to complete responsibilities	All tools as required	✓	
	Efficient, reliable and secure IT infrastructure and system software	Available 99% of the time	✓	
Leadership	Promote a professional, ethical and equitable corporate culture	Corporate employee survey	✓	
	Provide expertise and guidance to support the Pension Board	Plan Administration Performance Index score > 75%	✓	

✓ Met X Not Met OT On Target D Deferred

***Variance Analysis**

None

Accountability Perspective

This perspective challenges the Plan to ensure the fiduciary responsibility is upheld concerning member equity and that internal controls are in place to ensure the integrity of the Plan.

2009 Strategic Initiatives

- Implemented Balanced Scorecard;
- Completed review of Governance Manual;
- Continued review of Pension Board knowledge and skills;
- Published results of key performance indicators in Annual Report;
- Conducted and evaluated Pension Board Self Assessment;
- Conducted Service Provider review.

Accountability Perspective Scorecard Results
(December 31)

Strategic Objectives	Performance Measures	2009 Targets	2009 Results	Variance Analysis*
Compliance with investment mandates	Investment manager compliance reports	0% significant compliance issues	✓	
	Third party verification of investment manager compliance reports	0% significant compliance issues	✓	
Timely and effective reporting	Provide Pension Board with timely reports and information as required	Plan Administration Performance Index providing info to pension Board > 75%	✓	
Compliance with policies and legislation	Compliance with established policies and legislative requirements	No Provincial Audit recommendations	✓	
Compliance with best practices	Compliance with Guidelines for Capital Accumulations Plans developed by the Joint Forum of Financial Market Regulators (i.e. CAP Guidelines)	100% compliance	✓	
	Compliance with Pension Plan Governance Guidelines developed by the Canadian Association of Pension Supervisory Authorities (i.e. CAPSA Guidelines)	100% compliance	✓	

✓ Met X Not Met OT On Target D Deferred

***Variance Analysis**

None

2010 Strategic Initiatives

Financial
- Investigate asset mix changes or the addition of other investment products as part of the investment strategies of the Plan;
- Complete review and provide recommendations on allocation of administration expenses to each of the Funds;
- Analyze and recommend potential changes to the Plan's Non-North American equity structure.

Customer
- Review the frequency and content of the Plan's newsletter (*The Capital Report*) to determine changes to better serve the membership of the Plan;
- Investigate alternate communication methods for providing information to Plan stakeholders;
- Roll out secure participating employer website to upload contribution listings for electronic remittances;
- Investigate the ability for participating employers to upload application and termination notices using the secure website;
- Investigate the impact of investment choice;
- Review and make recommendations on strategies available for marketing the Plan.

Growth and Innovation
- Investigate the feasibility of adding the Retirement Primer guide information on the website for use by the Plan Membership;
- Develop brochure for distribution to terminating members highlighting the advantages of remaining with the Capital Pension Plan;
- Review and make recommendations regarding investment choice options;
- Investigate the use of alternate electronic forums for plan member communications.

Internal Resources and Processes
- Promote staff training and professional development;
- Investigate the ability of uploading Pension Board and Committee information to a secure website for access by Pension Board members;
- Evaluate the impact of investment choice on internal resources.

Accountability
- Act on the results of the Pension Board self-assessment;
- Conduct comprehensive review and update of Plan Text;
- Evaluate the impact of investment choice on the accountability structures;
- Implement processes to capture comparative financial information for 2010 under the International Financial Reporting Standards (IFRS);
- Complete the validity of the pension benefit payments being made through the Retirement Annuity Fund.

Strategic Objectives	Performance Measures	Forecast 2010	2011	2012
Financial Perspective				
Acceptable risk	Investment managers are in compliance with investment strategies as per SIP&G	Zero significant compliance issues reported		
	Independent actuary verification of Retirement Annuity Fund (analysis of interest rate immunity and long-term solvency)	Bond portfolio duration to actuarial liability duration ratio > 1		
		Solvency ratio > 1		
Acceptable investment returns	Review and report performance for Diversified Fund and Pre-Retirement Fund in relation to benchmarks	Gross fund return is equal to or greater than benchmark return over rolling 4-year periods		
		Diversified Fund real rate of return > 3% above CPI over rolling 10-year periods		
	Review and report performance of Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund by individual Fund manager and by asset class in relation to benchmarks	Gross return of investment manager by asset class is equal to or greater than benchmark return by asset class over rolling 4-year periods		
	Analyze and recommend changes as required to Non-North American equity structure	Investment managers adding value compared to other investment managers	N/A	N/A
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures equal to or less than budgeted amount		
	Review and make recommendations for admin. expenses allocation to each Fund	Review and implement changes as approved	N/A	N/A
Customer Perspective				
Effective communication	Provide timely and accurate information to customers	Meet key performance indicators 100% of the time		
	Review frequency and content of *The Capital Report* newsletter	Complete review and implement approved changes	N/A	N/A
	Investigate feasibility of additional communication methods	Complete investigation	Implement changes as required	
	Roll out secure website for participating employers	Design secure website available for participating employer contribution remittance reports	Ensure continued availability	
Meet customer expectations	Expand satisfaction index to other aspects of service (i.e. newsletters, website, email)	Design expanded satisfaction index	Use satisfaction index	

Three Year Performance Plan (continued)

Strategic Objectives	Performance Measures	Forecast 2010	2011	2012
Growth & Innovation Perspective				
Plan retention	Implement retention strategy	Implement strategy	Follow strategy	
	Retain inactive members in the Plan	Increase number of inactive Plan members retained by 150	Increase number of inactive Plan members retained	
	Retain participating employers	= > 95% retention per year		
Plan growth	Inform former Plan members of option to transfer back to Variable Benefit (3-year cycle)	N/A (yr 2 of cycle)	N/A (yr 3 of cycle)	Notify former members>50 of Variable Benefit option
Innovation	Implement strategic initiatives		Complete plan	
Internal Resources and Processes				
Professional & knowledgeable	Funds available and utilized by staff for training and professional development	2.5% of budgeted payroll	as per CIC's policy	
	Staff compliant with professional organizations	100% compliance		
	Provide staff with tools to complete responsibilities	all tools as required		
	Efficient, reliable & secure IT infrastruture and system software	available 99% of the time		
Leadership	Promote a professional, ethical, equitable and socially responsible corporate culture	Favourable rating on CIC employee survey		
	Provide expertise and guidance to support the Pension Board	Plan Administration Performance Index score> 75%		
Accountability Perspective				
Approval of SIP&G	Review and approval of SIP&G for DCF and RAF	Annual review and approval of SIP&G		
Compliant with investment mandates	Investment manager compliance reports	0% significant compliance issues		
	Third party verification of investment managers compliance reports	0% significant compliance issues		
Timely and effective reporting	Provide Pension Board with timely reports and information as required	Plan Administration Performance Index providing information to Board score > 75%		
Compliant with policies and legislation	Compliance with established policies and legislation requirements	No Provincial Audit recommendations		
	Comprehensive review of Plan Text	Complete review and amend as required	Review and update as required	
	Validate pension benefit payments through RAF	Receive written confirmation	Investigate all returned payment statements	
Compliant with best practices	Compliance with the Guidelines for Capital Accumulation Plans developed by the Joint Forum of Financial Market Regulators (i.e. CAP Guidelines)	100% compliance		
	Compliance with the Pension Plan Governance Guidelines developed by the Canadian Association of Pension Supervisory Authorities (i.e. CAPSA Guidelines)	100% compliance		

Service Providers

Diversified Fund Investment Managers

Connor, Clark & Lunn (CC&L), Vancouver, British Columbia
CC&L is a quantitative value style manager, responsible for a portion of the Fund's Canadian equity investment mandate. CC&L replaced Lincluden in November 2008.

Greystone Capital Management Inc. (Greystone), Regina, Saskatchewan
Greystone is a growth at reasonable prices (i.e. GARP) manager, responsible for a diversified portfolio of Canadian and foreign equities, Canadian bonds, real estate and short-term investments. Greystone contracts Goldman Sachs and Hansberger Global Investors to manage the Non-North American equities portion of its investment mandate.

State Street Global Advisors (SSgA), Toronto, Ontario
SSgA is an index (i.e. passive) manager, responsible for a portion of the Fund's U.S. equity and Canadian bond investment mandates.

Tweedy Browne Company, LLC (Tweedy), New York, New York
Tweedy is a value style manager, responsible for a portion of the Fund's Non-North American equity investment mandate.

Pre-Retirement Fund Investment Manager

Greystone Capital Management Inc. (Greystone), Regina, Saskatchewan
Greystone manages the entire portfolio for the Pre-Retirement Fund.

Retirement Annuity Fund Investment Manager

Greystone Capital Management Inc. (Greystone), Regina, Saskatchewan
Greystone manages the entire portfolio for the Retirement Annuity Fund.

Investment Consultant
Hewitt Associates
Regina, Saskatchewan

Custodian
RBC Dexia
Calgary, Alberta

Auditors
KPMG, LLP
Regina, Saskatchewan

Actuary
AON Consulting Inc.
Saskatoon, Saskatchewan

Comparative Measures

91-day T-bills
Canadian treasury bills represent the highest quality short-term investment available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days.

Consumer Price Index (CPI)
CPI measures the relative prices at various times of a select group of goods and services which typify those purchased by urban families. It is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 1992 base.

DEX Long Term Bond Index
The DEX Long Term Bond Index is a capitalization-weighted index containing bonds with a term to maturity of greater than 10 years. It includes approximately 350 marketable Canadian bonds. Average term to maturity is 22 years and average duration is 12.5 years.

DEX Universe Bond Index
The DEX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains over 1,000 marketable Canadian bonds with an average term of 10 years and an average duration of 6.5 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

Hewitt Manager Universe
The Hewitt Manager Universe is a database of active manager returns, using both composite and pooled fund returns. All performance data must be for active strategies and suitable/available to institutional investors.

IPD Index
The ICREIM/IPD Index is published by the Investment Property Databank Ltd. and measures total returns on a diversified portfolio of over 1,700 properties, compiled from property level information from pension funds, life insurance companies and real estate managers on a quarterly basis.

MSCI EAFE Index
The Morgan Stanley Capital International Europe, Australia and Far East Index is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country.

S&P 500 Index
The Standard & Poors 500 Index measures the total return attributable to the 500 largest capitalized companies on the U.S. stock exchanges.

S&P 500 Index (Hedged to $C)
A synthetic hedging model constructed by Northwater Capital Management Corporation. Through the use of derivative products the return of the index is hedged to Canadian dollars eliminating currency risk.

S&P 400 Index (Hedged to $C)
The S&P 400 Index consists of 400 medium-sized companies chosen for market size, liquidity and industry group representation. The index is hedged back into Canadian dollars to mitigate currency risk. It is a market value weighted index and was the first benchmark of mid cap stock price movement.

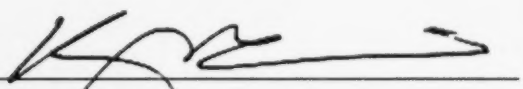
S&P/TSX Index
The S&P/TSX Index comprises over two-thirds of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies. The index is calculated on a float market capitalization and is the broadest Canadian equity index available and serves as the premier benchmark for Canadian pension funds and mutual market funds.

Management's Responsibility for Financial Reporting

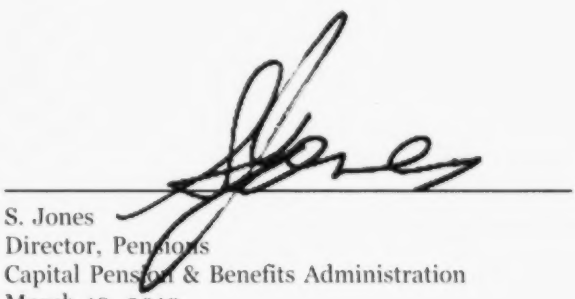
The financial statements and information contained in this 2009 Annual Report have been prepared by management of the Capital Pension and Benefits Administration and have been approved by the Pension Board. Information presented in this Annual Report that relates to the operation and financial position of the Capital Pension Plan is consistent with that in its financial statements.

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles and are consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the adequacy of the internal controls which ensures the reliability and integrity of the Financial Statements and other information presented in this Annual Report.

KPMG, the Plan's external auditor, provides independent audit of the financial statements. Its examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow it to report on the fairness of presentation of the financial statements prepared by management.



K.M. Klein
Executive Director
Capital Pension & Benefits Administration
March 15, 2010



S. Jones
Director, Pensions
Capital Pension & Benefits Administration
March 15, 2010

KPMG

Financial Statements of

CAPITAL PENSION PLAN

Year ended December 31, 2009

KPMG LLP
Chartered Accountants
McCallum Hill Centre, Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada

Telephone (306) 791-1200
Fax (306) 757-4703
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of net assets available for benefits of the Capital Pension Plan as at December 31, 2009 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Capital Pension Plan as at December 31, 2009 and changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
March 1, 2010

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

CAPITAL PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Assets						
Investments (Note 4)	$ 879,462	$ 42,621	$ 922,083	$ 767,814	$ 43,288	$ 811,102
Cash	1,394	28	1,422	1,419	29	1,448
Contributions receivable	369	-	369	749	1	750
Interest and dividends receivable	1,496	303	1,799	2,017	304	2,321
Capital assets (Note 8)	207	-	207	393	-	393
Total assets	882,928	42,952	925,880	772,392	43,622	816,014
Liabilities						
Accounts payable (Note 11)	672	7,075	7,747	572	7,043	7,615
Prepaid participants' contributions	222	-	222	293	-	293
Provision for annuity benefits (Note 10)	-	24,186	24,186	-	21,945	21,945
Total liabilities	894	31,261	32,155	865	28,988	29,853
Net assets available for benefits	$ 882,034	$ 11,691	$ 893,725	$ 771,527	$ 14,634	$ 786,161

(see accompanying notes)

On behalf of the Pension Plan Board of Directors:

Director Toronto, Ontario, CA

Director Carla Bro

CAPITAL PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Increase in Assets						
Investment income (loss) (Note 5)	$ 35,912	$ 1,851	$ 37,763	$ (14,472)	$ 2,108	$ (12,364)
Net unrealized change in fair value of investments	72,900	(629)	72,271	(123,517)	(660)	(124,177)
Contributions and transfers in (Note 6)	35,654	489	36,143	33,141	2,078	35,219
	144,466	1,711	146,177	(104,848)	3,526	(101,322)
Decrease in Assets						
Withdrawals and transfers out (Note 7)	30,577	2,277	32,854	39,374	2,520	41,894
Increase (decrease) in provision for annuity benefits (Note 10)	-	2,241	2,241	-	(2,464)	(2,464)
Operating expenses	3,382	136	3,518	3,827	124	3,951
	33,959	4,654	38,613	43,201	180	43,381
Increase (decrease) in net assets available for benefits	110,507	(2,943)	107,564	(148,049)	3,346	(144,703)
Net assets available for benefits, beginning of year	771,527	14,634	786,161	919,576	11,288	930,864
Net assets available for benefits, end of year	$ 882,034	$ 11,691	$ 893,725	$ 771,527	$ 14,634	$ 786,161

(see accompanying notes)

CAPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. Description of Plan

The following description of Capital Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Text.

a) The Plan was established pursuant to **The Crown Corporations Act, 1978** and is continued under **The Crown Corporations Act, 1993**. The Plan is available to corporations both in the public and private sector (participants) upon approval of the Plan's Board of Directors. The Plan is subject to **The Pension Benefits Act, 1992**.

b) The Plan is comprised of a Defined Contribution Fund (DCF) and a Retirement Annuity Fund (RAF). These Funds are managed by professional investment managers whose investment performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals.

i) Defined Contribution Fund (DCF)

The DCF receives and holds, in trust, member and participant contributions as well as the related investments and investment income derived from these contributions. There are two investment options available to DCF members, the Diversified Fund (DF) and the Pre-Retirement Fund (PRF). The total amount available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

A Variable Benefit (VB) pension option is available to eligible current and former DCF members as a retirement income alternative. This option allows for payments to be paid to members through either lump-sum withdrawals or periodic payments subject to minimum withdrawals set by the **Income Tax Act**. VB members' equity remains invested in the DCF.

ii) Retirement Annuity Fund (RAF)

The RAF was established to provide Plan members with the option of purchasing a life annuity upon retirement. If the member elects to purchase a life annuity from the RAF, the individual's account balance is transferred from the DCF to the RAF and a pension annuity contract is established based on current interest rates and group annuity mortality tables.

c) Crown Investments Corporation of Saskatchewan is the sponsor for the Pension Plan, and as such, is ultimately responsible for any shortfalls that may occur in RAF. The DCF has no responsibility to fund any shortfalls that may arise in the RAF.

d) Plan assets are invested separately for the DCF and RAF based on the investment objectives approved for each fund.

e) The Plan is a Registered Pension Plan and is not subject to income taxes under the **Income Tax Act**.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The following are considered to be significant:

a) Changes in accounting standards

In June 2009, the Canadian Institute of Chartered Accountants (CICA) issued amendments to its Financial Instruments – Disclosure standard to expand disclosures of financial instruments consistent with new disclosure requirements made under International Financial Reporting Standards (IFRS). These amendments were effective for the Plan commencing January 1, 2009 and introduces a three-level fair value hierarchy that priorizes the quality and reliability of information used in estimating the fair value of financial instruments.

The fair values for the three levels are based on:

- Level 1 – quoted prices in active markets
- Level 2 – models using observable inputs other than quoted market prices
- Level 3 – models using inputs that are not based on observable market data

These additional disclosures are included in note 4.

2. Significant Accounting Policies (continued)

b) Net assets available for benefits

i) Defined Contribution Fund

This amount represents the difference between the DCF's assets and liabilities and is for the exclusive use of the DCF members for providing retirement income.

ii) Retirement Annuity Fund

This amount represents the difference between the RAF's assets and liabilities and is available to meet the payment obligations of current and future annuitants.

c) Valuation of assets and liabilities

Plan assets and liabilities are valued and recorded as follows:

i) Investments

All investments are carried at fair value (note 4). Bonds, debentures and equities that are listed upon a recognized public exchange are recorded at their closing bid price on the valuation date. Those investments not traded on the valuation date are recorded at a price between the latest closing ask and bid prices. Those investments not listed upon any exchange are recorded in the same manner as above based upon available public quotations in common use or at a price estimated to be the fair value thereof.

Pooled funds are recorded at fair value based on the quoted market values of the underlying investments. Short-term investments are recorded at cost which approximates fair value due to the short term to maturity. Segregated real estate investments are recorded at fair value using an independent appraisal system that considers such factors as replacement cost and earnings results.

ii) Cash, receivables and payables

Cash, contributions receivable, interest and dividends receivable, accounts payable and prepaid participants contributions are recorded at cost which approximates fair value due to their immediate or short term maturity.

iii) Provision for annuity benefits

The provision for annuity benefits is carried at the actuarial present value of the future expected annuity benefit obligation to pensioners.

iv) Capital assets

Capital assets are recorded at cost less accumulated amortization (note 8). Amortization is recorded on a straight line basis over their estimated useful lives as follows:

Computer equipment & software	3-5 years
Office furniture	5 years
Leasehold improvements	5 years

d) Investment Income and transaction costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, real estate operating income, and net gains or losses from sales of securities or real estate.

Investment transactions are recorded on their respective trade date. Investment transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits in the period incurred.

2. Significant Accounting Policies (continued)

e) Foreign currency translation

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the year end date. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

f) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments and provision for annuity benefits. Actual results could differ from these estimates.

3. Future Changes in Significant Accounting Policies

In 2008, the Canadian Accounting Standards Board delivered a ruling requiring publicly accountable enterprises to adopt IFRS in place of Canadian GAAP for financial reporting in fiscal years beginning January 1, 2011, including comparative prior year figures, Plan Management began a project designed to facilitate the conversion to IFRS. The initial phase of the project involved identifying resource requirements, roles and responsibilities, key milestones, and deliverables.

During 2009, with the assistance of an external advisor, a detailed conversion impact assessment was performed comparing the major differences between current GAAP and IFRS identifying the greatest potential impact to the Plan. The results of the analysis showed the most significant impact related to potential differences in financial statement presentation and disclosures.

Going forward the project plan will focus on designing draft mock-up financial statements to support accounting and disclosure requirements, compiling historical data for financial statement comparatives, analysis for potential system and business process redesign including internal controls over financial reporting, and staff training.

4. Investments

a) Defined Contribution Fund investments consist of the following:

	2009	2008
	(thousands of dollars)	
Bonds and debentures		
Government of Canada	$ 55,895	$ 30,246
Province of Saskatchewan	4,199	4,521
Other provincial	37,152	42,421
Municipal	4,693	4,604
Foreign	1,771	3,049
Corporate and convertible	59,126	59,156
	162,836	143,997
Pooled funds		
Greystone Money Market Fund	34,196	43,375
SSgA Canadian Fixed Income Index Fund	105,383	133,317
Greystone Canadian Real Estate Fund	34,243	-
SSgA S&P Midcap Index Securities Lending Common Trust Fund	24,793	17,915
SSgA S&P 500 Index Fund Hedged	64,193	38,980
Greystone EAFE Plus Fund	64,843	57,233
CC&L Canadian Q Value Fund	96,047	68,512
	423,698	359,332
Short-term investments	27,395	14,385
Equities	250,668	195,552
Real estate	14,865	54,548
	292,928	264,485
	$ 879,462	$ 767,814

4. Investments (continued)

b) Retirement Annuity Fund investments consist of the following

	2009	2008
	(thousands of dollars)	
Bonds and debentures		
Government of Canada	$ 9,412	$ 11,200
Province of Saskatchewan	3,018	3,117
Other provincial	18,927	18,537
	31,357	32,854
Pooled funds		
Greystone Canadian Equity Fund	1,966	1,531
Greystone EAFE Plus Equity Fund	187	282
Greystone Money Market Fund	7,223	7,140
	9,376	8,953
Short-term investments	1,888	1,481
	$ 42,621	$ 43,288

c) Bonds and debentures

For the DCF, fixed income bonds have effective rates ranging between 0.50% and 7.90% and coupon rates between 0.59% and 11.00% (2008 - effective rates of 0.80% to 10.10%, coupon rates of 2.70% to 11.00%). For the RAF, fixed income bonds and debentures have effective rates of 0.39% to 5.28% and coupon rates of 0.00% to 10.25% (2008 - effective rates of 0.79% to 5.34%, coupon rates of 0.00% to 10.25%).

The carrying value amount is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or penalties.

Bonds and debentures term to maturity – carrying value:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
			(thousands of dollars)			
Government of Canada						
Due < 1 year	$ -	$ 94	$ 94	$ 12,622	$ 1,142	$ 13,764
1-5 years	31,454	2,261	33,715	15,101	1,810	16,911
After 5 years	24,441	7,057	31,498	2,523	8,248	10,771
Province of Saskatchewan						
Due < 1 year	-	975	975	-	-	-
1-5 years	-	-	-	-	1,058	1,058
After 5 years	4,199	2,043	6,242	4,521	2,059	6,580
Other provincial						
Due < 1 year	-	162	162	-	-	-
1-5 years	4,926	2,565	7,491	6,522	1,716	8,238
After 5 years	32,226	16,200	48,426	35,899	16,821	52,720
Municipal						
After 5 years	4,693	-	4,693	4,604	-	4,604
Foreign						
1-5 years	1,465	-	1,465	1,390	-	1,390
After 5 years	306	-	306	1,659	-	1,659
Corporate and convertible						
Due < 1year	1,970	-	1,970	546	-	546
1-5 years	24,262	-	24,262	23,714	-	23,714
After 5 years	32,894	-	32,894	34,896	-	34,896
	$ 162,836	$ 31,357	$ 194,193	$ 143,997	$ 32,854	$ 176,851

4. Investments (continued)

d) Pooled funds

Pooled fund investments are governed by the specific policies instituted by the investment manager for each fund. The Pension Board has reviewed the guidelines for these investments and determined that they are acceptable.

The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

i) Greystone Money Market Fund

The Greystone Money Market Fund holds investments in treasury bills, notes and commercial paper.

ii) SSgA Canadian Fixed Income Index Fund

The SSgA Canadian Fixed Income Index Fund holds investments in Canadian issued fixed income securities such as bonds, debentures, notes or other debt investments included in the calculation of the DEX Universe Bond Index.

iii) Greystone Canadian Real Estate Fund

The Greystone Canadian Real Estate Fund holds equity interests in, and mortgages of, Canadian real estate. Fund assets may also be invested in securities or bonds issued by tax exempt real estate corporations, pension corporations and other borrowers permitted under insurance or pension legislation where the asset underlying the security or bond is a mortgage or real estate equity.

iv) SSgA S&P [illegible] Index Securities Lending Common Trust Fund

The SSg[illegible] Midcap Index Securities Lending Common Trust Fund holds investments in U.S. common stocks whi[illegible]e contained in the Standard & Poor's Midcap Index. In order to protect the Fund against foreign currency risk, the Fund enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars. At December 31, 2009 the fair value of these contracts is $0.13 million (2008 - $0.07 million) and included in the fund balance. At December 31, 2009, these contracts had notional amounts totaling $25.18 million all expiring in 2010.

v) SSgA S&P 500 Index Fund Hedged

The SSgA S&P 500 Index Fund Hedged holds investments in U.S. common stock which are contained in the Standard & Poor's 500 Index. In order to protect the Fund against foreign currency risk, The Plan enters into monthly currency forward contract agreements where Canadian Dollars shall be purchased against U.S. dollars.

vi) Greystone EAFE Plus Fund

The Greystone EAFE Plus Fund holds investments in international securities defined as issues traded on exchanges and over-the-counter markets in the countries, excluding Canada and U.S. that comprise the MSCI EAFE Index and the MSCI Emerging Market Index.

vii) CC&L Canadian Q Value Fund

The CC&L Canadian Q Value Fund primarily hold investments in equities and income trusts traded on recognized Canadian exchanges, rights, warrants, cash and cash equivalents, and derivatives (non-leveraging). The Fund's investment in a single stock may not exceed 15% of the equity portfolio and will not hold less than 50 securities at any time.

viii) Greystone Canadian Equity Fund

The Greystone Canadian Equity Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges.

e) Short-term investments

These investments are comprised of treasury bills, notes and commercial paper with effective interest rates of 0.20% to 0.30% (2008 – 0.88% to 2.70%). Interest is receivable at maturity.

4. Investments (continued)

f) Equities

The DCFs' investment policy allows no one holding to represent more than 10% of the fair value of the portfolio and no one holding to represent more than 10% of the common stock in any corporation.

g) Real estate

Investments in real estate consist of Canadian commercial property. The risk associated with real estate is minimized through diversification across property type, geographical distribution and investment size.

h) Determination of fair value

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's required financial instruments for both the DCF and RAF within a fair value hierarchy:

	(thousands of dollars)			
	Level 1	Level 2	Level 3	Total
Short term investments	$ 29,283	$ -	$ -	$ 29,283
Bonds and debentures	194,193	-	-	194,193
Pooled fixed income and money market funds	146,802	-	-	146,802
Pooled equity funds	252,029	-	-	252,029
Pooled real estate funds	-	34,243	-	34,243
Equities	250,668	-	-	250,668
Real estate	-	14,865	-	14,865
Total	$ 872,975	$ 49,108	$ -	$ 922,083

i) Financial risk management

The investment objectives of the Plan are to maximize retirement wealth; ensure sufficient assets exist to meet future pension obligations; and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's obligations, the Plan takes a long-term investment perspective. In order to achieve these goals, the Plan invests in a variety of investments. These investments have varying levels of risk and are also subject to different types of risk.

The associated risks include credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk. Changes in these risks can affect the value of investments. These risks are managed by employing an investment policy, which is approved annually by the Pension Board. This policy provides portfolio asset mix guidelines to the Plan's investment managers regarding quality and quantity of fixed income investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in different domestic and foreign markets.

The DCF primarily utilizes an active management investment strategy which has a greater proportion of its investments in equities as opposed to fixed income assets. The RAF, alternatively, has a low risk tolerance and invests primarily in high quality fixed income investments with a lesser portion invested in equities.

i) Credit risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the fixed income pooled funds. The Plan is also exposed to counterparty credit risk on forward currency contracts described in note 4(d)(iv). The Plan limits credit risk by setting investment restrictions and quality standards within its Statement of Investment Policies and Goals.

4. Investments (continued)

The minimum quality standard for government bonds and debentures is "BBB" or equivalent as rated by a recognized bond rating agency, at the time of purchase. Corporate bonds for RAF must meet a minimum quality standard of "A", at the time of purchase. The Plan's investment policy limits each investment Manager's bond portfolio concentration in any one single issuer (and its related companies) to 10% (except for federal and provincial) of their total portfolio. No more than 20% of the market value of a Manager's bond portfolio shall be invested in bonds of foreign issuers. "BBB" holdings cannot exceed 15% of the market value of the bond portfolio.

The following table lists the segregated bond and debenture holdings for both the DCF and RAF by credit rating and identifies their corresponding portfolio weighting.

	(thousands of dollars)			
Credit Rating	2009	%	2008	%
AAA	$ 79,326	40.85	$ 57,068	32.27
AA	60,276	31.04	62,185	35.16
A	49,344	25.41	52,688	29.79
BBB	5,247	2.70	4,910	2.78
Total	$ 194,193	100.00	$ 176,851	100.00

The minimum quality standard for individual short-term investments is "R-1" or equivalent rating as rated by a recognized bond rating agency, at the time of purchase.

The value of the fixed income pooled funds is impacted by the credit risk of the underlying investments which is governed by the pooled fund's guidelines.

At December 31, 2009, the Plan's maximum credit risk exposure relates to bonds and debentures, short term investments, and the fixed income pooled fund totaling $370.28 million (2008 - $367.78 million).

ii) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets available for benefits and changes in net assets available for benefits. At December 31, 2009, the Plan holds 45% (2008 – 53%) in fixed income investments which includes short term investments and pooled funds.

The Plan manages interest rate risk by investing in a well diversified portfolio of interest-sensitive asset classes and investments subject to other risks within the asset mix guidelines provided in the Statement of Investment Policies and Goals. The DCF predominantly uses active management which provides the opportunity to mitigate or take advantage of changes in interest rates. The RAF is managed by investing in fixed income investments that provide cash flows that match payments to annuitants.

Duration is a measure used to estimate the extent market values of fixed income investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase (decrease) in interest rates would decrease (increase) net assets available for benefits by approximately $20 million at December 31, 2009; representing 4.79% (December 31, 2008 – 4.71%) of the fair value of fixed income investments.

b) Foreign exchange risk

The Plan is exposed to currency risk through the holding of foreign equities, foreign equity pooled funds and foreign bonds and debentures where investment values may fluctuate due to changes in foreign exchange rates. This risk is managed by limiting the amount of investments denoted in foreign currencies and by investing in securities that are strategically distributed over several geographic areas. As well, a portion of the foreign equities investments are hedged against foreign currency fluctuations.

4. Investments (continued)

At December 31, 2009, the Plan's foreign currency exposure was $88.43 million (2008 - $83.98 million) in U.S. equities and bonds and debentures and $137.57 million (2008 - $108.84 million) in equities originating from Europe, Australia, and the Far East (EAFE). If the Canadian dollar appreciated (depreciated) 10% versus the U.S. dollar exchange rate, it would result in approximately a $9 million decrease (increase) in net assets available for benefits. A 10% weakening (strengthening) in the Canadian dollar versus the EAFE currencies would result in approximately a $14 million increase (decrease) in net assets available for benefits.

c) Equity price risk

Equities comprise approximately 55% (2008 – 47%) of the Plan's total investments. The individual stock holdings are diversified by geography, industry type and corporate entity. The diversification strategy means the Plan is susceptible to equity price changes in the Canadian, U.S. and EAFE markets.

The key indexes that represent these markets are used to measure plan performance. The performance of the Plan's assets invested in these markets will be similar to the performance of the corresponding index.

The following table indicates the approximate change that would be expected to the net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2009:

	(thousands of dollars)	
	10% increase	10% decrease
S&P/TSX Composite Index	$ 18,949	$ (18,949)
S&P 500 Index	15,085	(15,085)
S&P 400 Index	2,479	(2,479)
MSCI EAFE Index	13,757	(13,757)

No one investee or related group of investees represents greater than 10% of the market value of the Plan's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

iii) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its' contractual financial liabilities as they fall due. The Plan's contractual financial liabilities fall under three categories: accounts payable, prepaid participants contributions and the provision for annuity benefits.

The Plan's cash resources are managed daily based on anticipated cash flows. The cash requirement for the accounts payable and prepaid participant contributions obligations is managed through money market investments, short term investments and contributions to the Plan. The Provision for Annuity Benefits cash requirement is managed through short term investments, bond and debenture interest and investment maturities.

4. Investments (continued)

The following table summarizes the estimated contractual maturities of the Plan's financial liabilities at December 31:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Accounts payable						
Due < 1 year	$ 672	$ 33	$ 705	$ 572	$ 30	$ 602
1-5 years	-	7,042	7,042	-	7,013	7,013
Pre-paid participant contributions						
Due < 1 year	222	-	222	293	-	293
Provision for annuity benefits						
Due < 1 year	-	2,174	2,174	-	2,199	2,199
1-5 years	-	8,355	8,355	-	8,482	8,482
After 5 years	-	13,657	13,657	-	11,264	11,264
	$ 894	$ 31,261	$ 32,155	$ 865	$ 28,988	$ 29,853

j) Securities Lending

The Plan's Statement of Investment Policies and Goals allows for securities to be lent to counterparties for the purpose of generating revenue in exchange for pledged collateral. Acceptable collateral includes cash, readily marketable government bonds, treasury bills, letters of credit, discount notes and banker's acceptances of Canadian chartered banks. For securities held in Canada, the current practice is to obtain collateral of at least 105% of the market value of the securities lent. For U.S. held securities, the practice is to obtain collateral of at least 102% of the market value.

The following table outlines the market value of the securities on loan and corresponding pledged collateral:

	2009			2008		
	Loaned Amount	Collateral Pledged	%	Loaned Amount	Collateral Pledged	%
	(thousands of dollars)					
Canadian held securities	$ 158,800	$ 167,690	105.60	$ 213,060	$ 225,560	105.90
U.S. held securities	82,800	84,840	102.50	79,830	81,980	102.70

5. Investment Income

Investment income is comprised of the following:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Bond and debenture interest	$ 13,656	$ 1,525	$ 15,181	$ 16,144	$ 1,517	$ 17,661
Interest on short-term investments	675	58	733	2,406	281	2,687
Interest on mortgages	-	-	-	12	-	12
Dividends	9,132	45	9,177	14,242	95	14,337
Income from real estate	1,474	-	1,474	2,561	-	2,561
Net gain on sale of bonds and debentures	955	269	1,224	2,361	216	2,577
Net loss on sale of equities	(5,705)	(46)	(5,751)	(54,522)	(1)	(54,523)
Net gain on sale of real estate	15,725	-	15,725	2,324	-	2,324
	$ 35,912	$ 1,851	$ 37,763	$ (14,472)	$ 2,108	$ (12,364)

6. Contributions and Transfers In

Contributions and transfers in are comprised of the following:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 16,251	$ -	$ 16,251	$ 15,002	$ -	$ 15,002
Members' contributions	13,891	-	13,891	12,712	-	12,712
Voluntary contributions	2,182	-	2,182	1,798	-	1,798
Transfers into the fund	3,819	-	3,819	5,707	-	5,707
Interfund transfers	(489)	489	-	(2,078)	2,078	-
	$ 35,654	$ 489	$ 36,143	$ 33,141	$ 2,078	$ 35,219

7. Withdrawals and Transfers Out

Withdrawals and transfers out are comprised of the following:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Withdrawals	$ 25,394	$ -	$ 25,394	$ 35,271	$ -	$ 35,271
Transfers to other pension plans	100	-	100	824	-	824
Payments to Variable Benefit Members	5,083	-	5,083	3,279	-	3,279
Payments to RAF Members	-	2,228	2,228	-	2,278	2,278
Provision for payments to members of the fund	-	49	49	-	242	242
	$ 30,577	$ 2,277	$ 32,854	$ 39,374	$ 2,520	$ 41,894

8. Capital Assets

Capital assets at cost less accumulated amortization:

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
	(thousands of dollars)			
Computer equipment and software	$ 1,008	$ 816	$ 192	$ 373
Office furniture	31	29	2	4
Leasehold improvements	16	3	13	16
	$ 1,055	$ 848	$ 207	$ 393

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Funds by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

	2009			2008		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 11,078	$ -	$ 11,078	$ 10,285	$ -	$ 10,285
Investment income	199	214	413	187	117	304
Interest and dividends receivable	46	91	137	53	91	144
Contributions receivable	101	-	101	152	-	152

Other transactions and amounts due to and from related parties are described separately in these financial statements and the notes thereto.

10. Provision for Annuity Benefits

The provision for annuity benefits is the actuarial present value of the future expected annuity benefit obligation to pensioners as annually determined as at December 31 by an independent actuary. The actuarial valuation is a complex process requiring professional judgment on the part of the actuary. Measurement of this amount is uncertain, as estimates must be made of future interest rates and mortality rates. For purposes of this actuarial valuation, a discount rate of 5.60% (2008 – 7.30%) was used. Also, the 1994 mortality tables with mortality improvements projected to the year 2017 have been used. If the discount rate used increases by 1%, the provision for annuity benefits decreases by approximately $1.75 million or if the discount rate used decreases by 1%, the provision for annuity benefits increases by approximately $2.03 million. If average mortality age increases by 1.0 year the provision for annuity benefits increases by approximately $0.83 million.

10. Provision for Annuity Benefits (continued)

The annual change in the provision is reflected in the Statement of Changes in Net Assets Available for Benefits. The principal components of the change during the year were as follows:

	2009	2008
	(thousands of dollars)	
Provision, beginning of year	$ 21,945	$ 24,409
Increase in provision due to new annuitants during year	402	1,491
Net change in provision due to gain (loss) from mortality	(324)	345
Expected annuity payments with interest	(2,310)	(2,338)
Interest on provision	1,602	1,294
Change in expense assumption	3	(24)
Change in discount rate and mortality assumptions	2,868	(3,232)
Provision, end of year	$ 24,186	$ 21,945

The fair value of the provision for annuity benefits has not been determined because it is not practicable to determine fair value with sufficient reliability, as these estimates are subject to uncertainty and vary according to the uncertainty inherent in the assumptions.

11. Accounts Payable

During the year, and based on a prior adjustment ruling in favor of a former participant, management has accrued an additional estimated liability of $0.03 million for a total reserve fund amount of $7.04 million (2008 – accrued amount $0.15 million, total amount of $7.01 million) payable to other members of the plan.

On August 31, 2009, the Plan received an order from the Saskatchewan Court of Queen's Bench providing direction on the distribution of the reserve fund. Subsequent to the order, an appeal was filed with the Saskatchewan Court of Appeals on September 30, 2009. The appeal is expected to be heard in 2010.

12. Investment Performance

The DCF and the RAF investments are managed by professional investment managers whose investment performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals. The DCF consists of two investment options available to plan members, the Diversified Fund (DF) and Pre-Retirement Fund (PRF).

The investment objective of the DF is to provide long-term growth within acceptable limits of risk. Based on this objective, the DF is a balanced fund including investments in equities, bonds and debentures, real estate and short term instruments.

The investment objective of the PRF is to preserve capital over the short-term. The PRF is invested solely in short-term money market instruments.

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives of the Fund. The Board of Directors reviews the investment performance of the funds in terms of the performance of the benchmark portfolios over 4 year rolling periods. The primary long-term investment performance objective for each of the Funds is to outperform a benchmark portfolio.

12. Investment Performance (continued)

The following is a summary of the DCF's investment performance, calculated before expenses:

	2009 Return		Rolling Four Year Return	
	Diversified Fund	Pre-Retirement Fund	Diversified Fund	Pre-Retirement Fund
Actual rate of return	15.20%	0.70%	3.30%	3.10%
Benchmark rate of return	14.30%	0.60%	2.60%	3.10%

The investment objective of the RAF is to provide sufficient liquidity to ensure payment to annuitants when due and to ensure long-term solvency of the Fund. The Fund pursues a duration matching investment strategy that immunizes the portfolio from interest rate fluctuations. As a result, there is no benchmark return for the RAF.

13. Comparative figures

Certain comparative figures have been restated to conform to the financial statement presentation adopted in the current year.